



ACQUISITION AND
TECHNOLOGY

THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, D.C., 20301-3010



SEP 15 1997

MEMORANDUM FOR DIRECTOR OF DEFENSE PROCUREMENT

SUBJECT: Government Property in the Possession of Contractors

The Government Property in the Possession of Contractors Integrated Process Team (IPT) has made the following recommendations aimed at reducing the amount of government-owned tooling and equipment in the possession of DoD contractors:

- Any government property **no** longer required for contract performance shall be considered for immediate disposition or placement on a direct-funded storage contract.
- Cease taking title automatically to contractor acquired tooling and equipment on cost reimbursement contracts. The revised DoD strategy is to establish a right to title to all special tooling and special test equipment charged directly to a government contract and general purpose equipment costing more than the property accountability threshold (currently \$2,500) that is charged directly to a cost reimbursement contract. The DoD will exercise its right to title to such items only when government ownership is absolutely necessary.
- When government tooling or equipment that was originally acquired or fabricated by a contractor is furnished to that contractor on a government contract, the tooling or equipment shall be furnished "as is."

Recommendation one is being integrated into the execution strategy for Management Reform Memorandum US. Recommendations two and three will affect the public and, consequently, cannot be implemented until we consider public comment on them.

Please prepare a revision to the Defense Federal Acquisition Regulations Supplement to include the IPT's second and third recommendations, obtain public comments, and provide a summary of those comments and a recommended course of action to me as expeditiously as possible.

R. Noel Longuemare
Acting Under Secretary of Defense
(Acquisition and Technology)